



DISCUSSION PAPER

Pathways to regional recovery from COVID-19

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**Institute for
Social Change**
The Tasmania Project

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Contents

List of figures	ii
Acronyms and abbreviations used in this report	ii
Glossary	ii
Executive summary	1
COVID-19 and Australian housing policy	3
Background	4
Research approach	4
1. Housing and income protection	6
The rental market: increased capacity	6
Experiences: sustaining housing, with support	9
Stakeholder perspectives: concern for the future	10
Policy considerations	11
2. Household vulnerability	12
The housing market: affordability pressures continue	12
Experiences: vulnerability, exposure, risk	14
Stakeholder perspectives: cohort-specific needs	16
Policy considerations	16
3. Housing futures	17
Market perceptions: future risk	17
Experiences: anxiety and uncertainty	18
Stakeholder perspectives: the impending cliff	18
Policy considerations	19
Final remarks	20
Next steps	21
References	22

List of figures

Figure 1: Timeline of key housing policy interventions during COVID-19 pandemic	3
Figure 2: Tasmanian vacancy rates	6
Figure 3: Entire property listings on Airbnb, by region	7
Figure 4: Housing register applicants	8
Figure 5: Housing register applicants by age and primary income type	8
Figure 6: Adaptations to meet housing costs (%)	9
Figure 7: Hedonic Home Index, annual growth rate, by area	13
Figure 8: Median monthly rent and rental prices (Tasmania)	13
Figure 9: Last review count and number of zero availability listings (statewide)	14
Figure 10: Key Connections in responding to COVID-19	20

Acronyms and abbreviations used in this report

AHURI	Australian Housing and Urban Research Institute Limited
TUT	Tenants Union of Tasmania

Glossary

A list of definitions for terms commonly used by AHURI is available on the AHURI website www.ahuri.edu.au/research/glossary.

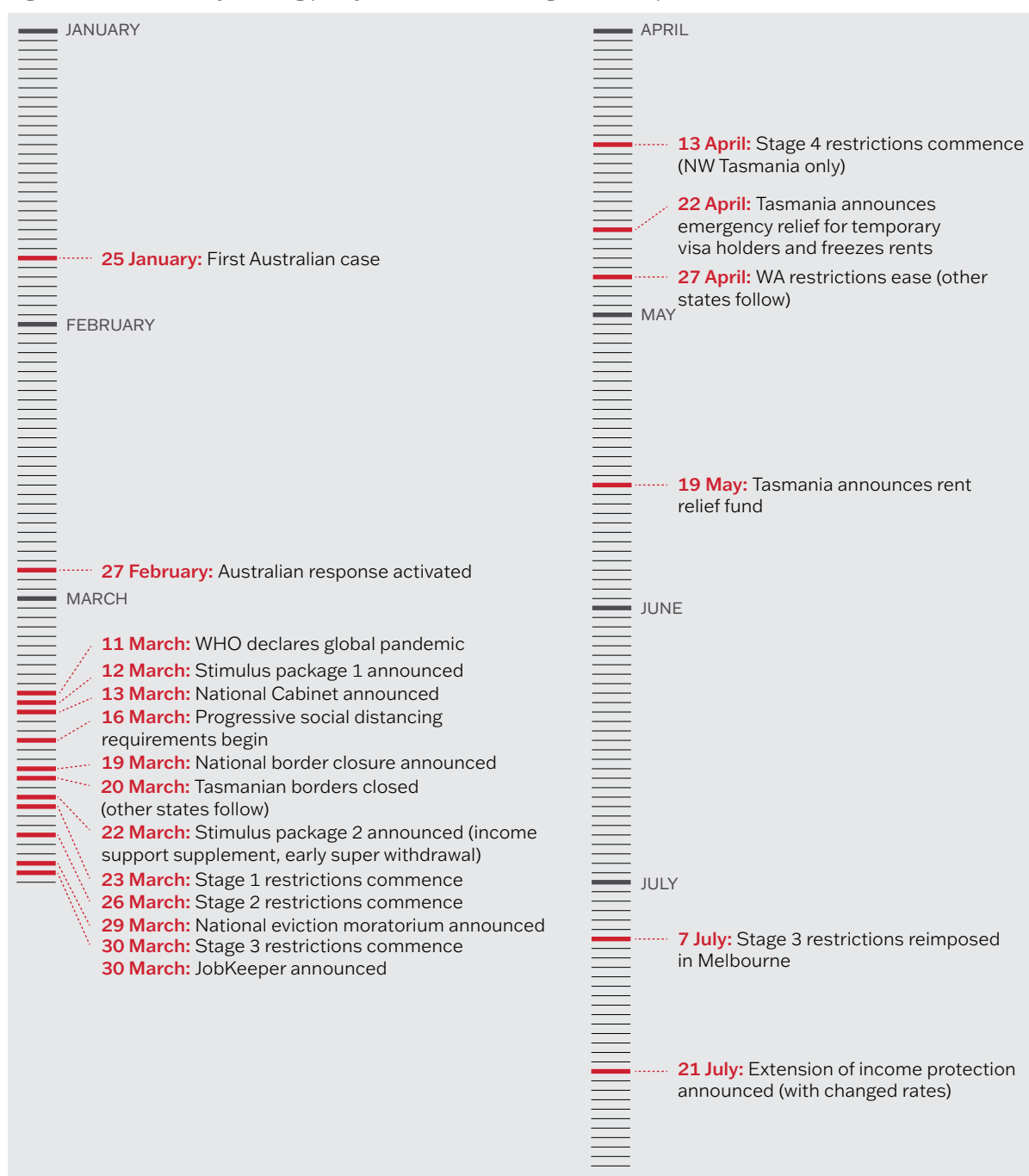
Executive summary

- There was considerable vulnerability in regional areas pre-COVID-19: poorer health, affordability pressures and narrow employment opportunities, along with a high exposure to casualised and part-time work and lower incomes.
- These patterns will persist beyond the crisis. New vulnerabilities will also emerge, especially among those excluded from income and other protections during the pandemic.
- Due to this disproportionate exposure to disadvantage, some regional households face increased risks in the wake of the pandemic if there is no adequate safety net in place.
- Broad-based social security is vital, and COVID-19 has demonstrated its value. The provision of government-funded social support has underpinned relative stability in housing circumstances despite the widespread economic disruptions brought by the pandemic.
- Health, housing, employment and income are interdependent—housing risk cannot be adequately addressed without addressing employment and income security.
- Policy-makers have the opportunity to create clear, strategic pathways to recovery from COVID-19 that prioritise income protection and support for households to keep them securely housed. This includes provision of sustained income support at adequate levels and targeted job regeneration supported by strong working conditions and protections.
- Policies tapering key protective mechanisms (such as JobKeeper or coronavirus income support supplement) need to be accompanied by well-designed stimulus and other transitional models to support households through this period of adjustment.

- **Governments can target recovery responses to the needs of specific cohorts and regional sub-markets. Targeted housing supply would be a significant lever for housing reform and a reinvigorated social housing sector. This includes building new social and affordable housing based on locational and cohort need, and increasing protections for private renters to ensure security of tenure.**
- **Government policies that deliver effective employment, income and housing pathways for households can provide some certainty in otherwise uncertain times. Targeted strategically, these policies would support good health and housing outcomes and aid regional recovery in ways specific and attentive to place and need.**

COVID-19 and Australian housing policy

Figure 1: Timeline of key housing policy interventions during COVID-19 pandemic



Source: Authors.

Background

Measures to control the COVID-19 pandemic are generating significant economic consequences nationally and globally. These include significant implications for employment, income and housing security. However, these consequences are geographically uneven. Regional populations are disproportionately older, sicker and poorer, housing markets are smaller and less dynamic, employment tends to be concentrated in certain sectors, and there are fewer economies of scale available to facilitate industry recovery (Dijkstra, Garcilazo et al. 2015; Smailes, Griffin et al. 2019). This means that recovery needs are likely to also vary, and recovery strategies designed for large cities may not work as well in regional economies.

This paper outlines interim findings from research on regional housing and household experiences during the COVID-19 pandemic.

Specifically, we found:

- Government efforts to protect income and housing security have been effective to date.
- Despite this, there is underlying vulnerability to housing insecurity, especially among young people, migrants, women, single people, and people in casual employment, which requires urgent policy attention.
- The pre-pandemic shortage of affordable housing continues to threaten long-term housing outcomes. Recovery policy should include increasing social and affordable housing supply alongside targeted employment regeneration and income security.

Research approach

There are two phases to this project. This policy paper is the outcome of the first phase and is designed to provide an overview of preliminary findings. The second phase will produce a final report, published in early 2021, to inform medium-term regional recovery from the pandemic.

In this research, we have used Tasmania as a case study of a regional economy. Tasmania has a sufficiently similar range of regional attributes to other areas for the results to be useful; it has similar reliance on tourism to Queensland, the Northern Territory and the ACT (Tourism Research Australia 2020) and its location with respect to Melbourne is comparable to that of other satellite agri-tourism areas such as Geelong, Ballarat, Bendigo and the Adelaide region (Hooper and van Zyl 2011).

This paper reports on the following:

- An analysis of CoreLogic housing market data for Tasmania and selected comparable regions for the period immediately prior to and during the pandemic. This was supported by analysis of further data from the Real Estate Institute of Tasmania, the Australian Bureau of Statistics, Inside Airbnb, the Tasmanian Government (Communities Tasmania) and the Tenants' Union of Tasmania (TUT).
- An online housing survey of 850 respondents¹ administered at the end of June 2020 under the auspices of the University of Tasmania's Institute for Social Change's The Tasmania Project².

¹ The survey participants are drawn from a non-random sample through convenience sampling methods, so are not a representative sample of Tasmania's population.

² For details, see: <http://blogs.utas.edu.au/isc/2020/06/15/project-details-aims-methods-and-samples/>.

- In-depth interviews with 15 participants, 11 from southern Tasmania and three from the north (one did not provide their location), recruited from amongst survey participants.
- Discussions held with the research project advisory panel. The panel includes government, community, academic and industry representatives.

1. Housing and income protection

- COVID-19 related income and housing assistance are providing important protection against housing insecurity and homelessness—for now.
- This research found Tasmanian households have experienced relative housing stability since the onset of the COVID-19 pandemic. This can be attributed to government stimulus payments providing income protection and support, protections against eviction and rent or mortgage assistance, and some minor alleviation in housing market pressures.

The rental market: increased capacity

Prior to COVID-19, the Tasmanian housing market was in crisis (Eccleston, Verdouw et al. 2018a, Eccleston, Warren et al. 2018b; Verdouw and Eccleston 2019; Jacobs, Flanagan et al. 2019). Our data analysis suggests these conditions have eased very slightly. For example, vacancy rates in Tasmania had declined steadily since 2012, reaching a record low of 1.4 percent in March 2018. They have slowly risen since, but the rate of increase accelerated from early 2020 (see Figure 2).

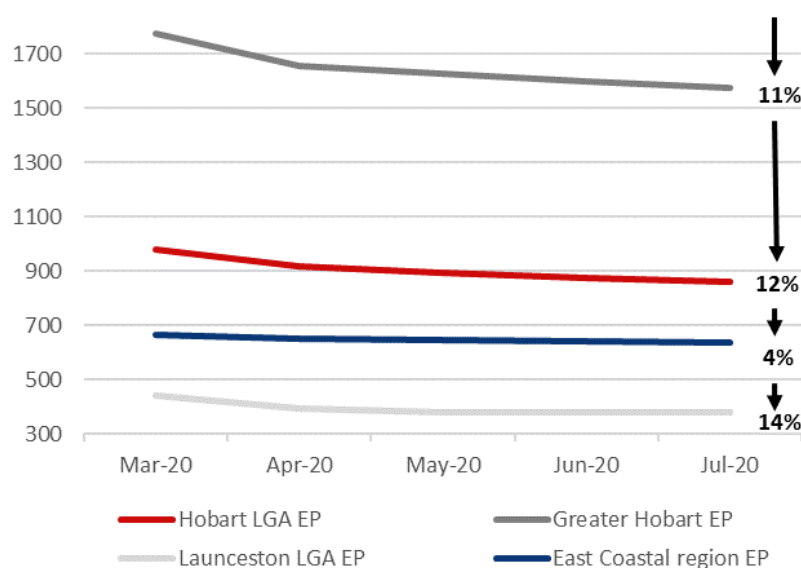
Figure 2: Tasmanian vacancy rates



Source: Real Estate Institute of Tasmania.

Some of the improvement in vacancy rates may be attributable to changes in the short stay accommodation sector. Previous research identified conversion of long-term private rental to short stay accommodation as a critical contributor to the post-2016 crisis in Tasmania's private rental market (Verdouw and Eccleston 2019). Total listings across all booking platforms have fallen during the pandemic: by 9.0 per cent in the Hobart LGA, 8.5 per cent in Greater Hobart and 8.6 per cent in Launceston (CBOS 2020a, 2020b). Listing activity across the pandemic lockdown period (15 March to 9 July) for the largest booking platform, Airbnb, is shown in Figure 3.

Figure 3: Entire property listings on Airbnb, by region

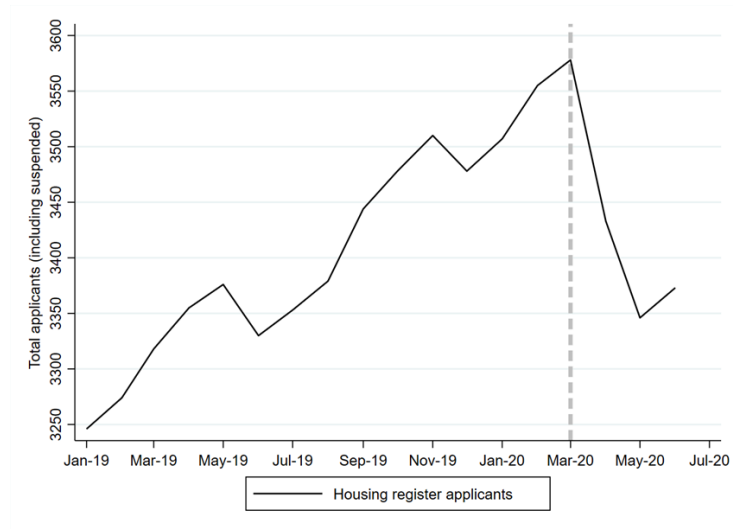


Source: Authors' calculations; Inside Airbnb.

Given that the short stay accommodation sector ground to a virtual standstill during the Tasmanian COVID-19 lockdown, the declines in listing numbers are relatively modest. This may reflect the fact that short stay accommodation hosts with an ABN are entitled to JobKeeper, which has protected, and continues to protect, their incomes even if properties are not being rented.

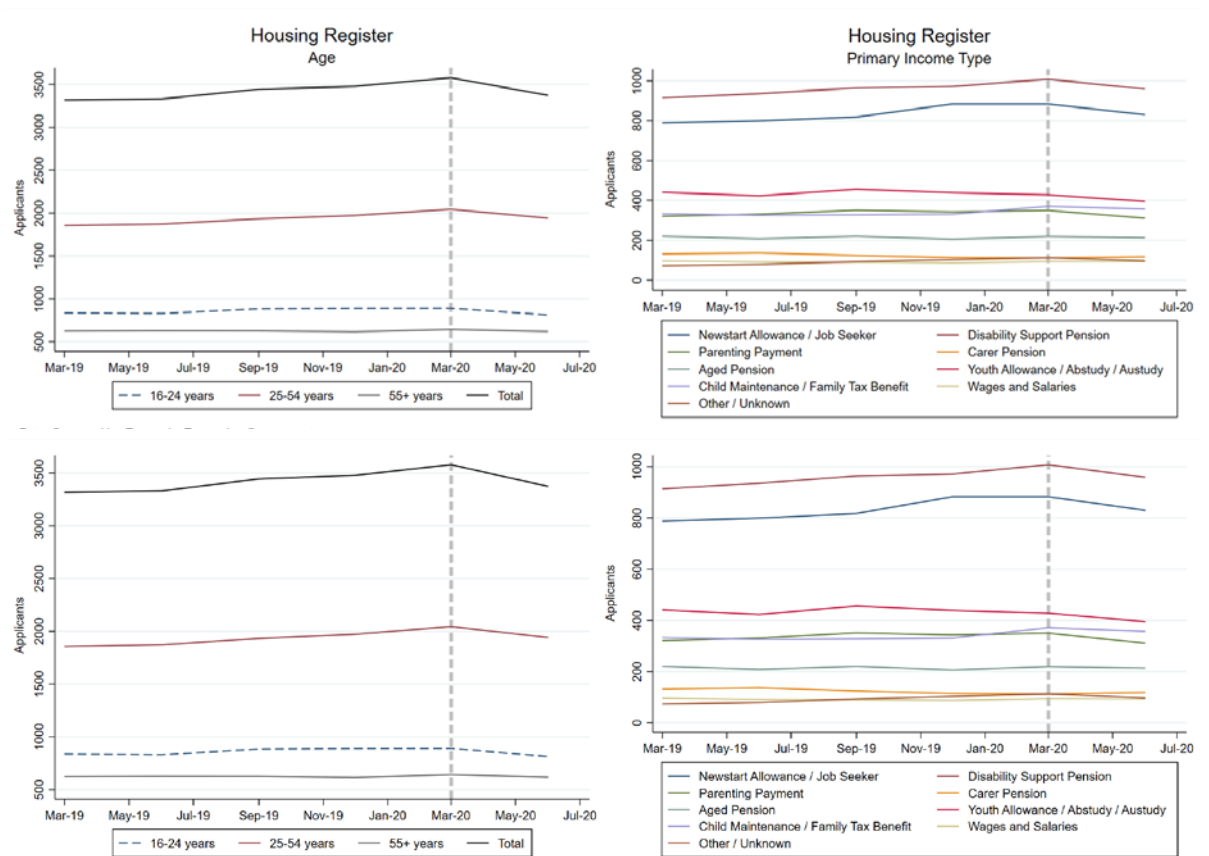
The response to acute housing need in Tasmania, as in other states, are the social housing and homelessness services systems. A significant increase in housing problems during the pandemic would be reflected in substantial increases in demand for these services. Yet the data shows otherwise. The number of applicants on the social housing register fell from 3,578 applicants in March 2020 to 3,373 in June 2020 (see Figure 4). There was a small shift in the characteristics of applicants, away from those reliant on income support payments towards those relying on wages and salaries, and a proportional reduction in the number of applicants aged between 25 and 54 (see Figure 5). Income support payments to labour force participants were temporarily increased by the coronavirus supplement in March 2020 and this additional income may have led some who would otherwise have applied for social housing to remain in the private market.

Figure 4: Housing register applicants



Data: Communities Tasmania, Tasmanian Government.

Figure 5: Housing register applicants by age and primary income type



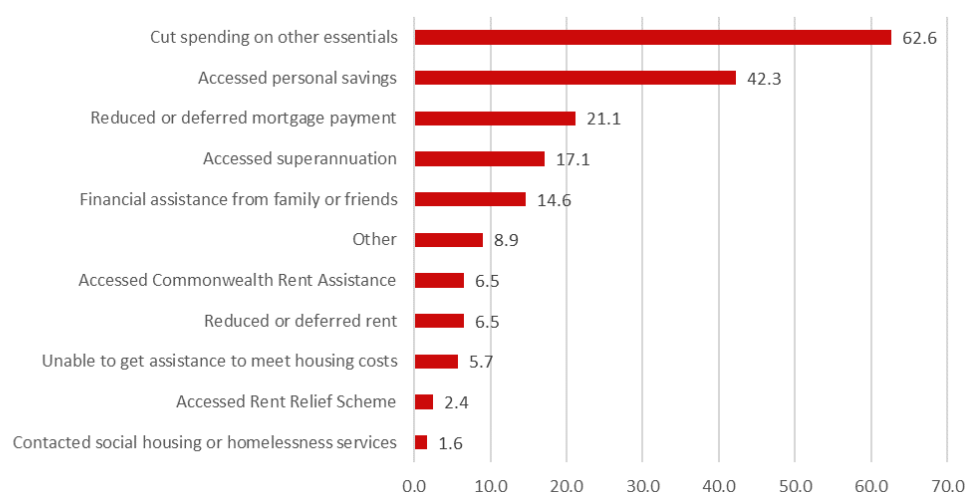
Data: Communities Tasmania, Tasmanian Government.

Experiences: sustaining housing, with support

The majority of the survey participants (90%) reported no change in their housing circumstances as a consequence of the pandemic. A 'change' was defined as a change in housing tenure or housing costs. Nearly four fifths (79%) of participants said they had had no trouble paying mortgage or rent costs.

Despite these majority experiences, 14 per cent had needed to adjust their spending to meet housing costs and a further 3 per cent were unable to pay all or part of their mortgage or rent. This indicates that for some Tasmanians, there have been other costs or compromises borne to ensure housing security. These include reduced spending on other essentials, drawing down on savings, reducing or deferring mortgage repayments, accessing superannuation early or seeking help from family or friends (see Figure 6).

Figure 6: Adaptations to meet housing costs (%)



Source: The Tasmania Project Housing Survey.

Similarly, most interviewees³ reported no substantial changes to their housing conditions. This was especially so if housing was owned and paid for, and income remained secure:

I didn't actually have any issues with housing. I'm paying off my home. Neither myself nor my husband had any issues with work; we were both quite easily able to work from home in the jobs that we do. (participant 07)

We completely own the house—we paid off the mortgage about two years ago. It's myself and my wife, a couple in our mid-60s, with no children living with us. Nothing has changed about the security of the housing because we own it and therefore we don't have to worry about rental or paying off a mortgage. (participant 08)

³ Quote are provided for illustrative purposes. They have been edited to preserve anonymity.

Other interviewees had experienced changes to income or employment, but had used other strategies to retain their housing security:

My husband is a consultant so he gets some revenue. It's a bit inconsistent but so far we are managing and we are living from our savings. Funding was getting dry so I looked for other jobs, but with COVID-19 I stopped at least for the first two months—I got a few interviews but nothing concrete. (participant 06)

From a monetary point of view my salary was still coming in so that was okay. My partner's salary took a real dive because clients were dropping off. So I've been supporting her through COVID-19. We had to watch our spending and that sort of thing, but we've come out the other end in a reasonable condition. (participant 12)

For others, however, housing would have been more precarious had they not been eligible for government wage subsidies (i.e. JobKeeper):

We are four adults and one child. We were planning on buying a big house together but we're dragging our heels because we don't really know what's happening. All four of us are on JobKeeper. My husband's income dropped quite significantly over COVID. He's accessed his super options. (participant 10)

My housemate was very lucky because when his job went as a result of COVID he managed to find himself another job. He gets JobKeeper, so he was lucky he was able to find that other position which meant he was then able to support the payment for rental. (participant 03)

Overall, the survey and interview data suggest that households have been able to navigate the employment and income changes arising from the pandemic. For some, however, this is only because they have had access to government assistance. Without these protections, housing pressures would have been felt to a far greater degree.

Stakeholder perspectives: concern for the future

Members of the research advisory panel agreed that the mix of government policies introduced in response to the pandemic—increased income support payments, JobKeeper, the rent freeze, the eviction moratorium etc.—were cushioning households from the immediate economic consequences of COVID-19 and had, to date, prevented significant breakdown in housing security. For some households, the additional income available (especially to those on unemployment benefits) had led to improvements in their circumstances, such as reduced rent arrears, while the uncapped brokerage funding made available to homelessness services by the Tasmanian Government meant larger numbers of homeless people had been temporarily accommodated.

However, panel members were concerned that the effectiveness of the government safety net to date has masked the risks that lie ahead. They were particularly worried about the implications of the withdrawal of income protections in combination with the lifting of the eviction moratorium. Given the scale of the social housing shortage in Tasmania (Lawson, Denham et al. 2019)—which is replicated across Australia—the long-term risk is that the pandemic will exacerbate existing disadvantage and give rise to new vulnerabilities.

Policy considerations

1. Social and economic recovery from COVID-19 requires clear and strategic policies that prioritise broad-based income protection to keep individuals securely housed. To date, the government response to the pandemic demonstrates financial and political capacity to respond promptly and effectively to social needs, including unemployment and housing risk. Protecting people's incomes keeps them securely housed, and this produces substantial social, economic and public health gains.
2. Policies that maintain adequate income support for at-risk individuals will lead to better housing security and outcomes. Adequate incomes for people who are unemployed or only precariously attached to the labour market lead to better housing security and quality of life due to enhanced capacity to cover the cost of basic essentials. The projected return to previous levels of income support (especially JobSeeker) will undo the gains achieved during the pandemic period.
3. The graduated withdrawal of key protective mechanisms such as the coronavirus income support supplement, JobKeeper and rent/mortgage protections should be accompanied by well-designed stimulus and other transitional models to support households through this period of adjustment.

2. Household vulnerability

- There is considerable underlying vulnerability among households, especially where income and/or employment is uncertain.
- The concern within Tasmania's housing sector about the consequences of the withdrawal of JobKeeper and other protections are well-founded. Tasmania's housing market was in crisis prior to the onset of COVID-19 and any improvements since are not substantial enough to change this. Households most vulnerable to housing risk are likely to be among those most affected by the pandemic, due to their reliance on affected industries. Because secure housing depends on a stable income, the closure of businesses due to the expected economic recession may produce new vulnerabilities.

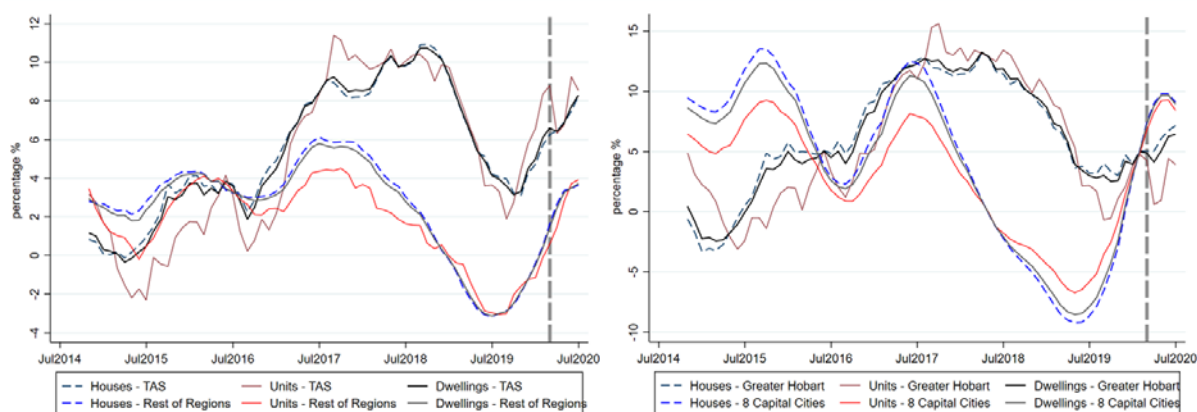
The housing market: affordability pressures continue

The Tasmanian housing market is not 'one' market. Like other non-metropolitan areas, it contains sub-markets. In Tasmania's case, a tourism boom, the growth of the short stay accommodation sector, and population growth, drove significant housing market pressures in Hobart which showed signs of extending into other larger urban areas and tourist destinations (Eccleston, Verdouw et al. 2018a, Eccleston, Warren et al. 2018b; Verdouw and Eccleston 2019; Jacobs et al. 2019). Poor and marginalised households, such as those reliant on income support payments or in low-waged employment, were the most seriously affected.

Due to COVID-19, policy attention has moved from addressing housing challenges for targeted cohorts to providing broad-based social support to a far wider group of people. However, the underlying housing market challenges have not evaporated.

In 2018-19 Hobart was one of the least affordable capital cities in Australia. Since July 2015, home values in greater Hobart increased by 43 per cent – 45 per cent for houses and 34 per cent for units. This trend has not been substantially affected by COVID-19. The national monthly hedonic home value index declined slightly (by 0.4%) in May 2020, but rose in Hobart, Canberra and Adelaide and was stable outside the capital cities (see Figure 7). This implies regional housing markets may not experience easing housing market conditions to the same extent as most major capital cities.

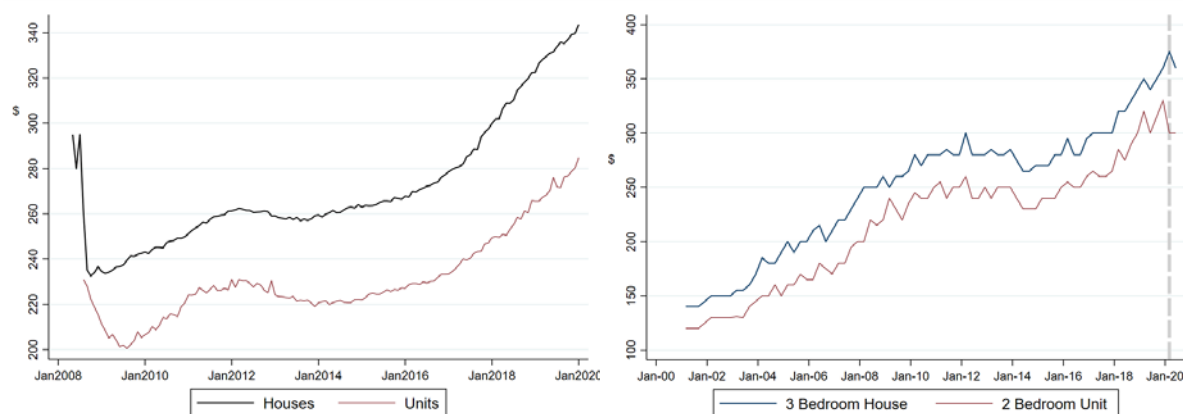
Figure 7: Hedonic Home Index, annual growth rate, by area



Source: CoreLogic RP Data provided by SIRCA.

Prior to the pandemic, one of the most marked symptoms of Tasmania's housing crisis was the significant recent increase in rents, especially in Hobart. Median rental prices have been growing considerably in Tasmania, increasing by an average 30 per cent statewide in the last ten years, and in Hobart, by 61 per cent for units and 54 per cent for houses in the same period (see Figure 8). The dollar value of these increases was significant for households on low incomes: between January 2019 and January 2020, the median rent for a unit in Hobart increased by \$50 a week. Unlike home values, rents have fallen during the COVID-19 pandemic; Hobart has had the fastest drop in rent prices of any capital city in the country between March to June, falling 2.3 per cent over the period.

Figure 8: Median monthly rent and rental prices (Tasmania)

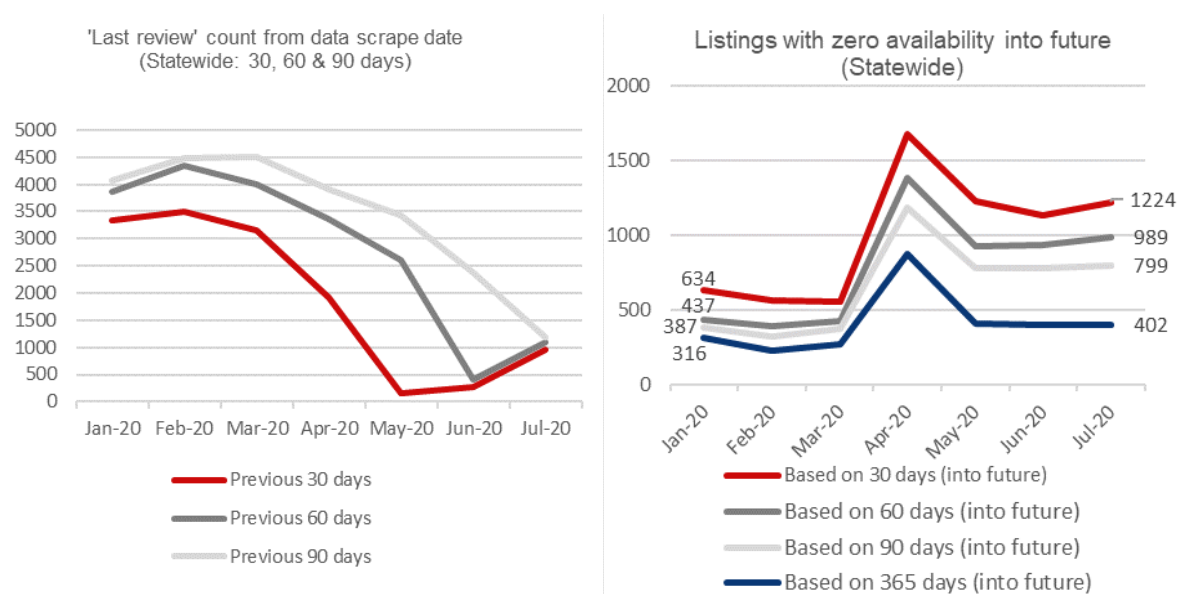


Source: CoreLogic RP data obtained from SIRCA in the left panel, and REIT data on the right panel.

However, these reductions must be read against the extent of the affordability problem prior to COVID-19. The Tenants' Union of Tasmania has modelled the upcoming reductions in the coronavirus supplement for JobSeeker recipients against median Tasmanian rents which indicate significant affordability challenges for these households. From the end of September 2020, the supplement will be reduced from \$550 per fortnight to \$250 per fortnight. From this point, to afford the median rent on a unit in Hobart, a JobSeeker recipient would need to spend 69% of their income on rent, and for a house, the proportion increases to 91 per cent. In other regions, a median-priced house would take up 59 per cent and a unit between 35 and 52 per cent of income depending on location. The most affordable rental in the state is in the isolated west coast town of Zeehan, where a median-priced unit would take up 35 per cent of income. In all cases, the proportion of income required would still exceed the accepted housing stress benchmark of 30 per cent (TUT 2020).

As noted, the short stay accommodation sector was a significant contributor to rental market pressure in some areas prior to the pandemic. Despite the modest reduction in listings during the lockdown period, there are now signs of returning confidence. Review numbers (which can be taken as a proxy for completed bookings) reached an all-time peak statewide just prior to the pandemic, before declining dramatically during the lockdown. Since May, with a return to internal travel and tourism, review numbers have started to climb again. Future availability listings also show that although listings with zero availability spiked coming into April, they have since declined substantially, indicating that hosts are once more opening their properties to short stay accommodation bookings (see Figure 9).

Figure 9: Last review count and number of zero availability listings (statewide)



Source: Inside Airbnb.

Housing security is strongly related to income security. Regional areas tend to contain higher numbers of people in part-time and casualised work, and without the diverse employment opportunities available in capital cities, workers may be concentrated in those industries most likely to be affected by COVID-19 related job losses, such as the tourism and hospitality, and those vulnerable to the virus itself, such as the personal care and health sectors. The unemployment rate in Australia reached 7.4 per cent in June 2020 and is expected to hit 10 per cent by the end of 2020 (RBA, 2020). The Tasmanian unemployment rate in June was 6.9 per cent, but for those aged 15-24 years old it had reached 15.1 per cent, and is likely to reach 20 per cent by the end of 2020 (Vespignani and Yanotti 2020). The people these statistics refer to are also those disproportionately vulnerable to housing insecurity or exposed to housing risk, especially those unable to access income protections.

Experiences: vulnerability, exposure, risk

Of the participants in our survey, 27 per cent reported a change in their employment situation since 19 March 2020. Six per cent now worked fewer hours, five per cent were receiving JobKeeper and four per cent were now on JobSeeker. Of these, tenure included mortgage-holders (6% on JobKeeper and 3% on JobSeeker) and renters (5% and 6% respectively). The employment sectors with the highest proportions of participants whose job situation had changed were tourism (81%), arts and recreation services (77%), accommodation and food services (73%) and health care and social assistance (50%). Household income had decreased a little or a lot for 69 per cent of respondents who worked in tourism, 60 per cent who worked in accommodation and food services and 50 per cent who worked in arts and recreation. This suggests there may be pockets of geographical vulnerability where a given region is disproportionately dependent on one or more of these sectors for employment.

The availability of JobKeeper did, as noted, shield some households from the full economic impact of employment changes. However, JobKeeper was not available to all workers. One of the most notable exclusions was that of international students. Tertiary education students tend to be employed casually or part-time in industries hard hit by the pandemic (such as accommodation and food services) and have therefore been seriously affected by job and therefore income loss (PESRAC 2020: 26). Without the safety net of accompanying government support, this has produced severe housing stress and pushed students into overcrowded and poor quality living environments.

Due to the COVID-19 I lost my job. I tried to find an alternative source of income and fortunately I found one but I think I'm very lucky. I do have some savings but I believe that there are some international students totally isolated and without any help from government. I didn't get any support from the government, not at all. (participant 15)

I know some of my children's friends have had to move, so there's more of them in a house to be able to afford the rent. (participant 02)

Another area of vulnerability was highlighted by the interviews. This was the vulnerability felt by people with disability, and was less directly related to housing insecurity. Many, though not all, people with disability would be at heightened risk of becoming seriously ill if they contracted COVID-19. Their experience of the pandemic was therefore characterised by fear of exposure to the virus leading to isolation within the home. In some cases, this was complicated by new challenges in obtaining and receiving essential supports such as personal care and domestic assistance:

We had to stop our NDIS-funded cleaner because of the risk of infection for my wife. We no longer feel safe using taxis for any purpose. If my wife were to get COVID-19, it would almost certainly kill her. While other people now are free to go out to restaurants and pubs, we don't feel at all comfortable doing that. (participant 08)

I get those antiseptic wipes and go from the front door all the way through to the kitchen and wipe things down after the support workers have been. So I was using the house differently in that way. (participant 01)

None of the interviewees in this research were aged under 30, but many participants were parents, and a number were supporting their young adult children in their own homes during COVID-19. For these young people, incomes, housing and life plans had been adversely affected by the pandemic, and the family home became a key source of support. Parents also expressed considerable anxiety about whether their children would find affordable housing in the future:

There is a big uncertainty for my daughter who is 21. She's on JobKeeper but her job will not come back. She's living at our place because she cannot afford anywhere else. She is getting approximately \$1,000 a month, which is not enough to live. (participant 06)

My housing situation did change because my 21-year-old son, who was living in Canada, responded to the DFAT call to return home. The fact that he doesn't have his own place to live meant that he came to live with us. My daughter-in-law lost her job and she's studying so she's been working online. I fear for my kids' future, for jobs, for poorer offerings of studying online. I'm hoping that something will change so that my children can afford somewhere to live. (participant 02)

My son doesn't have a house and I would like him to find himself in the position where he could. Maybe a drop in prices might provide a greater opportunity for him to do that but with his current uncertain employment as a result of COVID, that seems further away rather than closer. (participant 03)

Stakeholder perspectives: cohort-specific needs

According to the members of our advisory panel, the pandemic has been characterised by the emergence of new patterns of risk across cohort groups. Many 'traditional' clients of welfare services in fact experienced some improvement in their circumstances during the pandemic, especially those who had been wholly reliant on income support payments set well below the poverty line. By contrast, services report that many people now accessing emergency relief and other crisis assistance are from groups less typically encountered in a frontline welfare context. The advisory group expressed particular concerns for:

- **Young people:** COVID-19 has affected employment, education, mental health, and housing need. The rate of youth unemployment is high due to the exposure of youth to casualised employment. Consequent income inadequacy and insecurity destabilise housing security, especially in a tight market. Youth homelessness is a persistent concern due to the lack of adequate pathways out of shelters or temporary accommodation into secure and affordable housing.
- **People living in regions:** Tasmania contains areas of significant disadvantage. In the larger cities, housing is expensive and largely inaccessible, particularly for renters. Beyond urban areas, regional disadvantage is also compounded by a lack of adequate support services and infrastructure, and complicated by poverty, unemployment, and poor housing quality.
- **Women:** Like young people, women are disproportionately affected by job and income loss, and consequent housing precarity. Data supplied by Communities Tasmania suggests that demand for the Rapid Rehousing program, which is targeted to women escaping domestic and family violence, has accelerated during the pandemic. This is consistent with anecdotal reports from services elsewhere that the rate and severity of family violence has worsened during COVID-19.
- **Migrants and international students:** Due to a Commonwealth policy decision, these groups are ineligible for JobKeeper and other income support payments. Demand from the Tasmanian Government's rent relief program has come primarily from among these two groups, suggesting that the lack of support for them has been a critical gap in the social safety net to date.

Policy considerations

1. Policy responses to the pandemic and its aftermath need to be targeted appropriately to need. The impact of COVID-19 is not distributed evenly, and existing and new inequalities mean certain groups and locations are especially vulnerable to long-term social and economic harm as a result. There are particular concerns for young people, women, those with disability or other health issues, migrants and international students and people living in regional areas, as well as those on low incomes or in less secure housing more broadly.
2. Policies to rehabilitate the economy through job creation and assistance for business should be aligned with and reinforce policies to ensure stable housing, especially for disadvantaged households. The close relationship between employment, income and housing security means that the groups most vulnerable to housing affordability stress and risk are also groups vulnerable to precarious employment, unemployment and income insecurity.
3. Pandemic recovery should include substantial increases in the supply of secure, affordable housing, especially new social housing targeted to household and regional need, and the maintenance of strong protections for private renters to ensure they have access to safe, adequate, healthy housing and are shielded from inappropriate rent increases and evictions. The affordable housing crisis is a pre-existing and persistent challenge for governments across Australia, and the risk is that COVID-19 will exacerbate housing precarity for some households.

3. Housing futures

- **Households and individuals who are in ‘secure’ housing are also uncertain and lack confidence in the future.**
- **Unsurprisingly, the pandemic has created significant anxiety and uncertainty for individuals and households. Our data suggests this anxiety extends beyond the ‘return to normal’ we all hope for, and is particularly related to employment and income and longer-term housing security. Confidence in housing markets is variable, particularly in regional areas.**

Market perceptions: future risk

Uncertainty is reflected in the housing market, albeit mixed and diverse across regions. Sales volumes have declined significantly so far in Tasmania this year; by annual growth, house sales volumes were 43 per cent lower (and units 60% lower) relative to June 2019. Property sale listings numbers are also lower, and there is evidence of considerable decrease in real estate investor activity in the market. These data suggest consumers and investors are wary of buying and selling, mostly likely due to uncertainty related to future income and/or property returns.

While modest declines in house prices suggest household wealth has not been adversely effected during COVID-19, banks have also been offering borrowers the option of six to nine-month mortgage deferrals. Data showing the effect of these deferrals on households will not be available until the end of September 2020 (and potentially extended for some customers), however the potential for financial hardship for these household is a real concern when deferrals expire. Increases in property distress sales, which have not been widely observed to date, may be indicative of deepening financial hardship amongst this group in early 2021.

Rental markets too, are facing imminent uncertainties when income and rental protections are withdrawn. Nationally, around 5 per cent of residential tenants have received rental discounts in recent months, and instances of rent deferrals remain much higher than usual (RBA 2020). There are anecdotal reports from the sector that increasing vacancy rates are aided by the return of some short term accommodation to the long term market, albeit for shorter 3 to 6 month leases. The expiry of income and rent protections, and eviction moratoriums, as well as the return of accommodation to the short stay market may increase challenges to low-income households to access and afford local rental markets, or—as noted earlier—create significant hardship in paying rent. It may also present cash flow challenges for some investors, and affect investor demand for real estate.

Experiences: anxiety and uncertainty

For all participants in the research, financial uncertainty looms large. The housing survey found that the three things participants were most concerned about over the next 12 months were their income decreasing (33%), not having a job (27%) and savings running out (27%). Overall, nearly half (48%) were very concerned or concerned about future decline in income.

The survey also suggests that savings provide an inadequate buffer against this, especially for renters. More than half (52%) of the renters who participated were concerned or very concerned that their savings would run out. A higher proportion of renters than other tenures reported accessing their savings to pay for housing costs; of those participants who had accessed savings to pay for housing costs, over half were renters. In general, private renters were more likely to perceive themselves as precarious and at risk from an increase in housing costs or a decrease in income than participants in other tenures.

Although many research participants were securely housed, they nonetheless expressed considerable anxiety about their future employment and income security. They expected COVID-19 to lead to changes in some employment industries and thought there would be fewer jobs available for some time into the future. For investors, uncertainty about rental income is causing anxiety about whether to hold on to investments or not. For participants who are not securely housed, the pandemic is exacerbating anxiety around their ability to find secure housing into the future.

The labour market has shrunk a lot. My industry is just dead—it will perish in the next three or five years. So finding a job is not as easy as before, especially in Tasmania. (participant 15)

It feels like the virus is on the walls, climbing my house walls. It's rattling on my doorknobs and if it gets in, if it penetrates my housing – it's already on the lease, everything – it's more insecure. I need to push for graduation from university and leave welfare and have private income. (participant 11)

I've got a limited amount of time that I can be in this place before they give it to the next victim of domestic abuse. I am worried about what housing is going to be for me in the future. I am extremely worried. I am expecting that there's going to be another COVID-19 outbreak in Tasmania. (participant 14)

COVID-19 has changed the plans of many households, regardless of housing circumstances, age, tenure or employment situation. A loss of control over future housing-related plans, is creating a generalised anxiety for people as they grapple with new uncertainties.

I cannot sleep. Stress is really bad for your health. I don't know how you can relieve that. Before, you could with working and going away on holidays, but now, you're just stuck in this environment. You see the news and it makes you more stressed. (participant 13)

Stakeholder perspectives: the impending cliff

The implications of the withdrawal of income and housing protections for housing futures was a repeated theme in the advisory panel discussions that aided the research team's interpretation of data. The short-term extension of income protections, albeit at a reduced rate, is welcome, but the longer-term impacts of COVID-19 on employment and income require policy development to address the direct links between employment, income, health (especially mental health) and housing. The impacts of COVID-19 will continue beyond the crisis period and so too should the government response.

Policy considerations

1. Policy to protect employment and income can act as a significant lever for housing reform. People know that housing, employment, income and health are intimately interconnected, and this shapes their anxiety about their futures. Strong, regionally-relevant social and economic infrastructure⁴ is needed to protect security of housing.
2. Government policy efforts are best directed to providing longer-term certainty around income and housing. This should include targeted support for employment generation, stronger workplace protections and conditions, and robust income support. Uncertainty is inevitable in times of crisis but the role of policy is to re-establish some certainty where it is possible and where it will be most effective.

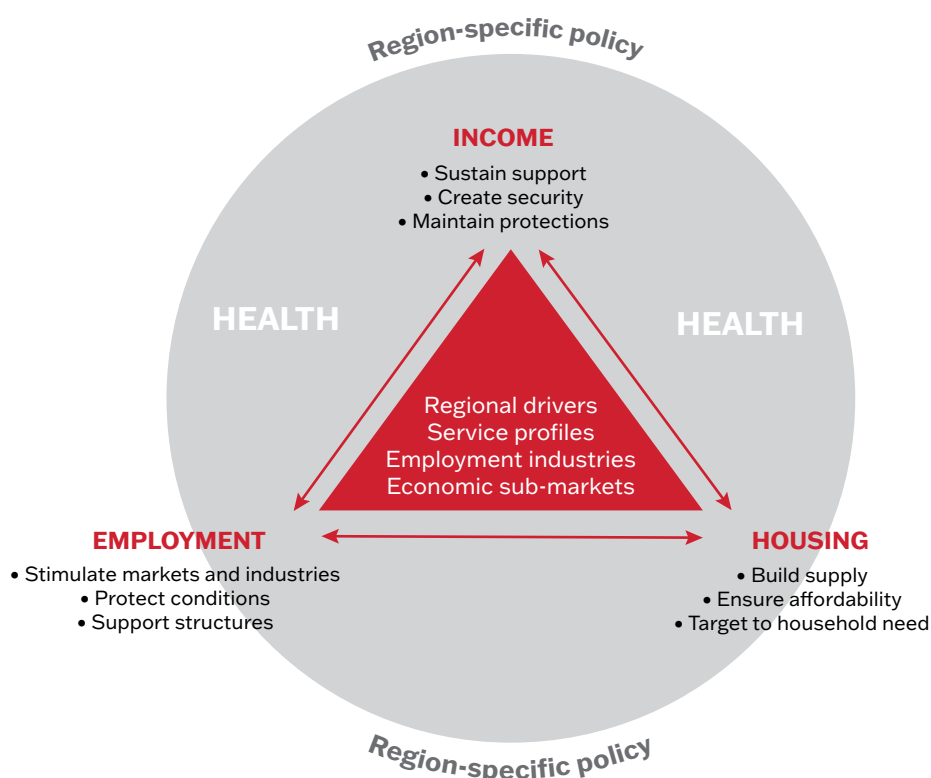
⁴ For a fuller description of the concept of housing as social and economic infrastructure, see Flanagan, Martin et al. 2019.

Final remarks

Emerging evidence from this research finds that government efforts to protect income and housing security during COVID-19 are currently working effectively to prevent widespread housing insecurity. Where safeguards cannot be accessed, or as and when these protections are reduced, households will face the risk of housing stress or homelessness. Our findings highlight just how interdependent health, housing, employment and income are—housing risk cannot be adequately addressed without attending to employment and income security.

Regional areas already experience a range of social and economic challenges, which have deepened during the pandemic. To address these, policy-makers need to identify and respond to the employment, income and housing needs specific to local industries, cohorts, and environments (see Figure 10). Targeted strategically, action in response to COVID-19 can also become significant levers to improve the affordability and availability of social and affordable housing across regional Australia.

Figure 10: Key Connections in responding to COVID-19



Source: Authors.

Next steps

The second phase of the project will include updated housing market analysis, further interviews, incorporation of other survey data obtained through the Tasmania Project, and further discussions with the advisory panel. This will culminate in a more detailed final report to be submitted in December 2020 for publication in early 2021.

The final report may also give consideration to the following:

- changes to migration patterns and their effect on regional areas in Australia, including changes in tourist movements and potential migration to areas perceived as 'safer' than larger cities;
- the role of place in shaping policy implementation, including how place-based policies can maximise recovery responses;
- the respective roles and responsibilities of federal and state governments in COVID-19 regional recovery efforts, particularly given the additional costs noted in regional areas; and
- the role of well designed, comprehensive, ethically-established datasets to inform and support economic and social recovery beyond 2020.

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